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BIWEEKLY REPORT

AID AND TRADE ACTIVITIES OF COMMUNIST COUNTRIES IN LESS DEVELOPED AREAS OF THE FREE WORLD

EIC WGR 1/219

29 June 1964

PREPARED BY THE WORKING GROUP
ON COMMUNIST AID AND TRADE ACTIVITIES
IN LESS DEVELOPED AREAS OF THE FREE WORLD

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events
12-25 June 1964

Communist China reportedly has offered Sudan a credit of \$47.6 million and has indicated Chinese readiness to buy more cotton on the condition that the Sudanese take more Chinese goods to bring the trade balance into line. The attractiveness of the Chinese credit is enhanced by Sudan's current financial difficulties, which could impede the implementation of the country's 10-year economic development plan.

Communist China has extended to the United Republic of Tanganyika and Zanzibar a \$28 million interest-free credit and a \$3.0 million grant. The credit, available over the next 5 years, will consist of goods and technical assistance for economic development. Half the grant will be in foreign exchange, and the other half will be in commodities to generate local currency for development projects.

On 18 June, Pakistan and the USSR signed an \$11 million credit agreement. The Soviet credit, which bears an interest rate of 3 percent, is repayable over a 5-year period, beginning after the first Soviet delivery, and will be used for the purchase of agricultural equipment along with some earthmoving equipment and rotary drilling machines.

Recent reports indicate that Yugoslavia has been offered new long-term economic and military credits from Hungary and the USSR. The official Yugoslav news agency Tanyug reported that Hungary has granted Yugoslavia a \$130 million long-term credit for a thermal electric power station. The Yugoslavs also have been discussing the procurement of large quantities of military equipment from the USSR, reportedly on long-term credit.

Argentina reportedly is negotiating a sale of 300,000 to 500,000 metric tons of wheat to the USSR. Although there are conflicting reports on the amount of wheat involved, the sale would bring more than \$18 million in hard currency to the Argentine Government if an agreement is concluded.

In accordance with Mexico's policy of expanding its imports, a 15-man Mexican trade delegation is on a 6-week tour of Yugoslavia, Czechoslovakia, Poland, and the USSR. This mission is the third dispatched by the Mexican Government this year.

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On 18 June, Iran and the USSR signed a 3-year trade agreement as well as a payments agreement. The trade pact provides for an initial exchange of goods worth \$45 million in 1964; thereafter the value of trade is scheduled to increase by 20 percent each year. Under the payments agreement, Iranian merchants will be required to deal through an authorized bank, and a record of each transaction will appear in the accounts of the Central Bank of Iran.

In connection with President Sallal's visit to Peiping in early June, an agreement was signed in which the Chinese reportedly agreed to provide a \$28 million credit to Yemen. Projects to be undertaken are a 180-mile road from San'a to Sa'da and repair of the San'a-Hudaydah road, previously built by the Chinese.

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